

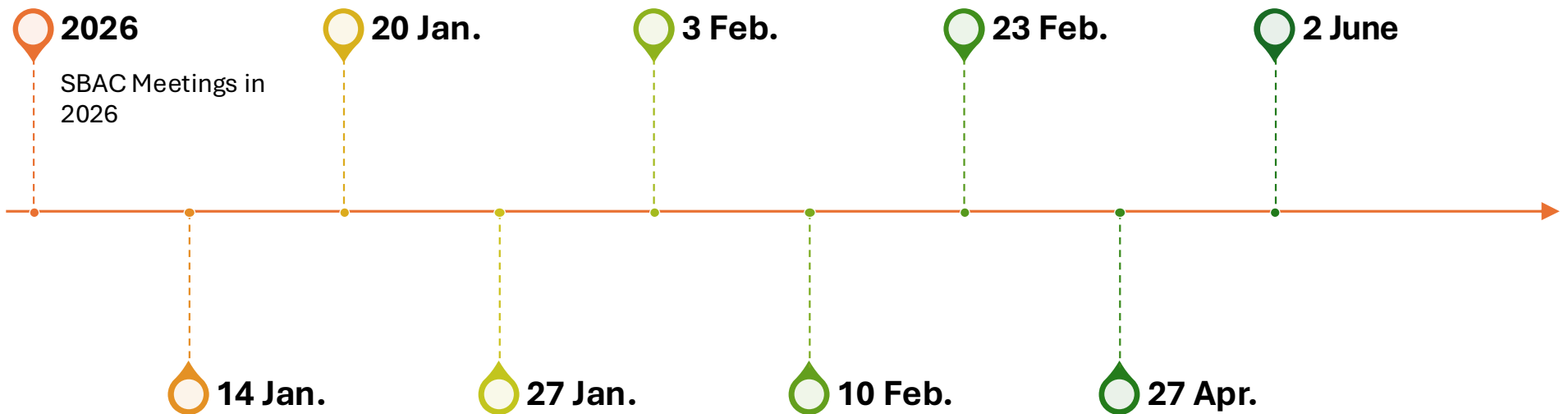
Superintendent's Budget Advisory Committee (SBAC)

Dr. Oscar Macias, Interim Superintendent

Dr. Jason Hasty, Interim Assistant Superintendent of Business Services

June 2, 2026

SBAC Meetings YTD



Today's Agenda



FCMAT Update



Governor's Budget Update – What It Means for BUSD



Reorganization of Departments and Programs



Highlights of Fiscal Stabilization Plan



FCMAT Update

FCMAT Identified BUSD as High Risk for Fiscal Insolvency

- Overall FHRA Risk Score: **37.4%**
- Highest-risk areas identified:
 - Leadership & Stability
 - Deficit Spending
 - Fund Balance & Reserves
 - Internal Controls & Fraud Prevention
 - Position Control

FCMAT Update Continued

Actions Completed Since Report Issuance

- Superintendent hired - starts July 1
- Assistant Superintendent, Business Services position goes to board Thursday June 4th – starts officially July 1
- Fiscal Stabilization Plan update and implementation underway
- Budget reductions incorporated into 2026-27 budget development
- Districtwide budget meetings completed with over 21 sites and departments
- Business Services and Administrative Services staff training completed
- FCMAT Corrective Action Compliance Tracking System developed

FCMAT Update – Compliance Tool

FCMAT Section-Level Compliance Summary								
Section #	Section Name	Total Items	Scorable Items	Yes Points	No Count	N/A Count	Compliance %	Grade
1	Annual Independent Audit Report	4	4	3	1	0	75.0%	C
2	Budget Development and Adoption	12	12	11	1	0	91.7%	A
3	Budget Monitoring and Updates	9	9	8	1	0	88.9%	B
4	Cash Management	7	4	4	0	3	100.0%	A
5	Charter Schools	5	1	1	0	4	100.0%	A
6	Collective Bargaining Agreements	9	8	3	5	1	37.5%	F
7	Contributions and Transfers	3	3	1	2	0	33.3%	F
8	Deficit Spending (Unrestricted General Fund)	4	4	0	4	0	0.0%	F
9	Employee Benefits	5	5	3	2	0	60.0%	D
10	Enrollment and Attendance	10	9	6	3	1	66.7%	D
11	Facilities	8	8	3	5	0	37.5%	F
	Fund Balance and Reserve for Economic							
12	Uncertainties	5	3	2	1	2	66.7%	D
13	General Fund – Current Year	8	6	1	5	2	16.7%	F
14	Information Systems and Data Management	6	6	3	3	0	50.0%	F
15	Internal Controls and Fraud Prevention	9	9	3	6	0	33.3%	F
16	Leadership and Stability	9	9	4	5	0	44.4%	F
17	Multiyear Projections	4	4	4	0	0	100.0%	A
18	Multiyear Projections	4	0	0	0	4	N/A	N/A
19	Position Control	6	6	2	4	0	33.3%	F
20	Special Education	7	7	5	2	0	71.4%	C
OVERALL COMPLIANCE		134	117	67	50	17	57.3%	F

Governor's Budget Update

BUSD Assumptions Used for Second Interim / Initial Budget Development

- LCFF funding based on January Governor's Budget assumptions
- 2.41% COLA assumption
- Continued declining enrollment
- Continued structural deficit spending
- Rising salary, benefit, pension, utility, and Special Education costs
- Ongoing need to align staffing with enrollment

Preliminary Fiscal Challenges

- ✓ Declining enrollment continues to reduce revenue growth
- ✓ Expenditures continue to outpace recurring revenues
- ✓ Fiscal Stabilization Plan remains necessary
- ✓ Staffing levels must continue to be aligned with student enrollment

Bottom Line: The District was projecting ongoing fiscal challenges and the need for continued expenditure reductions.

What Changed in the May Revision?

Funding Source	Estimated Impact	Revenue Type	Key Consideration
LCFF Funding Increase Above Second Interim	+\$3.86 Million	Ongoing	Improves annual operating revenue
Special Education Equalization Funding	+\$4.0-\$4.5 Million	Proposed Ongoing	May reduce General Fund Special Education encroachment
Student Support & Professional Development Block Grant	+\$6-\$7 Million	One-Time	Should not be used for permanent staffing or ongoing obligations
Total Ongoing Revenue	+\$7.9-\$8.4 Million	Ongoing	Available to support ongoing operations
Total One-Time Revenue	+\$6-\$7 Million	One-Time	Best suited for deferred maintenance, technology, and other one-time investments

Governor's Budget - Continued

Key Message

- The Governor's May Revision improves BUSD's financial outlook, but it does not eliminate the structural deficit caused by declining enrollment and expenditure growth.
- The District must continue implementing its Fiscal Stabilization Plan by aligning staffing, programs, and expenditures with enrollment trends while preserving core instructional services.

Considerations:

- Deficit Spending
- Labor not settled
- Declining Enrollment

BUSD Reorganization

- Assistant Superintendent of Special Education and Student Services (Certificated Management)
 - Reduce SpEd legal costs
 - Current SpEd Legal Costs: Current 25-26 SY YTD = **\$540,670** (as of 5/5/26)
 - 24-25 SpEd Legal Costs: **\$959,526**
 - **General Funded** reports to Superintendent
- Public Information Officer (Classified Management)
 - Increase Enrollment & Revenue and Strengthen Community Engagement
 - **General Funded** reports to Superintendent
- Director of Expanded Learning (Certificated Management)
 - Split Funded with ELOP
 - Replacing an existing position
 - Reports to Assistant Superintendent

BUSD Re-Organization - continued

- Fiscal Compliance Supervisor (Classified Management)
 - Implement FCMAT Recommendations
 - Bond Oversight
 - **50% General Funded, 50% Measure ABC** Reports to Fiscal Director
- Communications & Multimedia Specialist II (CSEA Classified Hourly)
 - Support the PIO: Enhances District Communications
 - Supports Enrollment and Revenue Growth
 - **General Funded** Reports to PIO
- Position Control Analyst (CSEA Classified Hourly)
 - Strengthens Position Control and FCMAT Compliance
 - Support with overall audit compliance and monitoring of split-funded position
 - **General Funded and Measure ABC** Reports to Fiscal Compliance Supervisor

BUSD Reorganization - continued

- Forthcoming: Director of Bond Projects (classified management) forthcoming to support Measure ABC

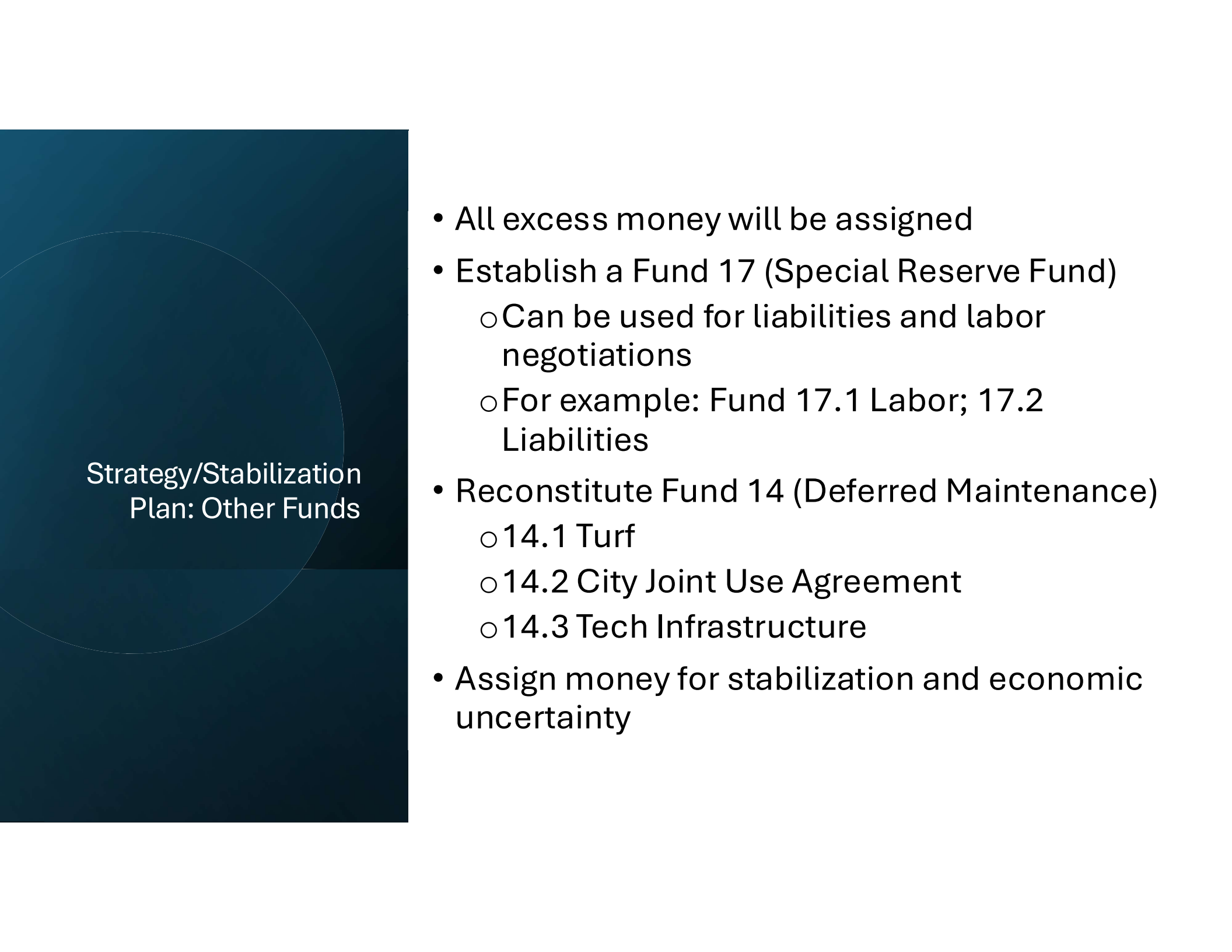
General Fund Staffing Plan Summary	Low Estimate	High Estimate
Gross Cost of Proposed Staffing Additions	\$962,384	\$1,252,985
Less: Solar Lease Payment Shift from General Fund	(\$810,000)	(\$810,000)
Less: Position(s) Shifted to Bond Funding	(\$80,000)	(\$100,000)
Net Annual General Fund Impact	\$72,384	\$342,985

Updated Fiscal Stabilization Plan

Impact of Governor's May Revision (Illustrative)

Item	2026-27	2027-28
Original Structural Deficit	~(\$11.7M)	~(\$12.1M)
Estimated May Revision Revenue	+\$8.1M	+\$8.0M
Net New Staffing Investments	~(\$0.3M)	~(\$0.3M)
Potential/Revised Deficit Position	~(\$3.9M)	~(\$4.4M)

Note: This is illustrative only and will fluctuate as we continue to complete the EA/BA report, and these rough projections are still including reductions for next year



Strategy/Stabilization Plan: Other Funds

- All excess money will be assigned
- Establish a Fund 17 (Special Reserve Fund)
 - Can be used for liabilities and labor negotiations
 - For example: Fund 17.1 Labor; 17.2 Liabilities
- Reconstitute Fund 14 (Deferred Maintenance)
 - 14.1 Turf
 - 14.2 City Joint Use Agreement
 - 14.3 Tech Infrastructure
- Assign money for stabilization and economic uncertainty



Backup Plan/Safety Net



TRAN
Resolution

Interfund
Transfer
Resolution

RDA Resolution
– to offset RMA
contribution



Next steps

- Prepare the 2026-27 Adopted Budget for Board Consideration – Hearing June 18th, Approval June 25th
 - Review and Update the Fiscal Stabilization Plan (FSP) - review draft at next SBAC Mtg
 - Establish Fund 17 (Special Reserve Fund) - June 25th
 - Continue Implementation of FCMAT Recommendations - Starting today and next year
 - Monitor Enrollment, Staffing, and Reserve Levels – Year round
 - Develop a Long-Term Reserve and Cash Flow Strategy – In process now
 - Review Bond Program Staffing and Implementation Plans – In process now
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Questions?

